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Six Month Update For DOL Managers

U.S. Department of Labor
May 1986

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Report To The Congress

OF THE UNITED STATES

Strong Leadership Needed To Improve Management At The Department Of Labor

This is one in a series of GAO reports evaluating management effectiveness at major cabinet-level departments and agencies. The last 5 years have been a period of significant change for the Department of Labor. Several of Labor's missions have been redefined or refocused; its budget and work force have been substantially reduced; and key constituent groups have questioned the effectiveness of some of its major programs.

Labor has taken several positive steps to address its management problems. However, Labor needs stronger leadership to more effectively address them and improve its performance and image. It also needs to strengthen management of its work force and financial operations.

Soon after taking office, Secretary Brock acted to address the management problems GAO identified and demonstrated the degree of commitment and support GAO believes is essential to improve Labor's management.

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SECRETARY OF LABOR
WASHINGTON

May 13, 1986

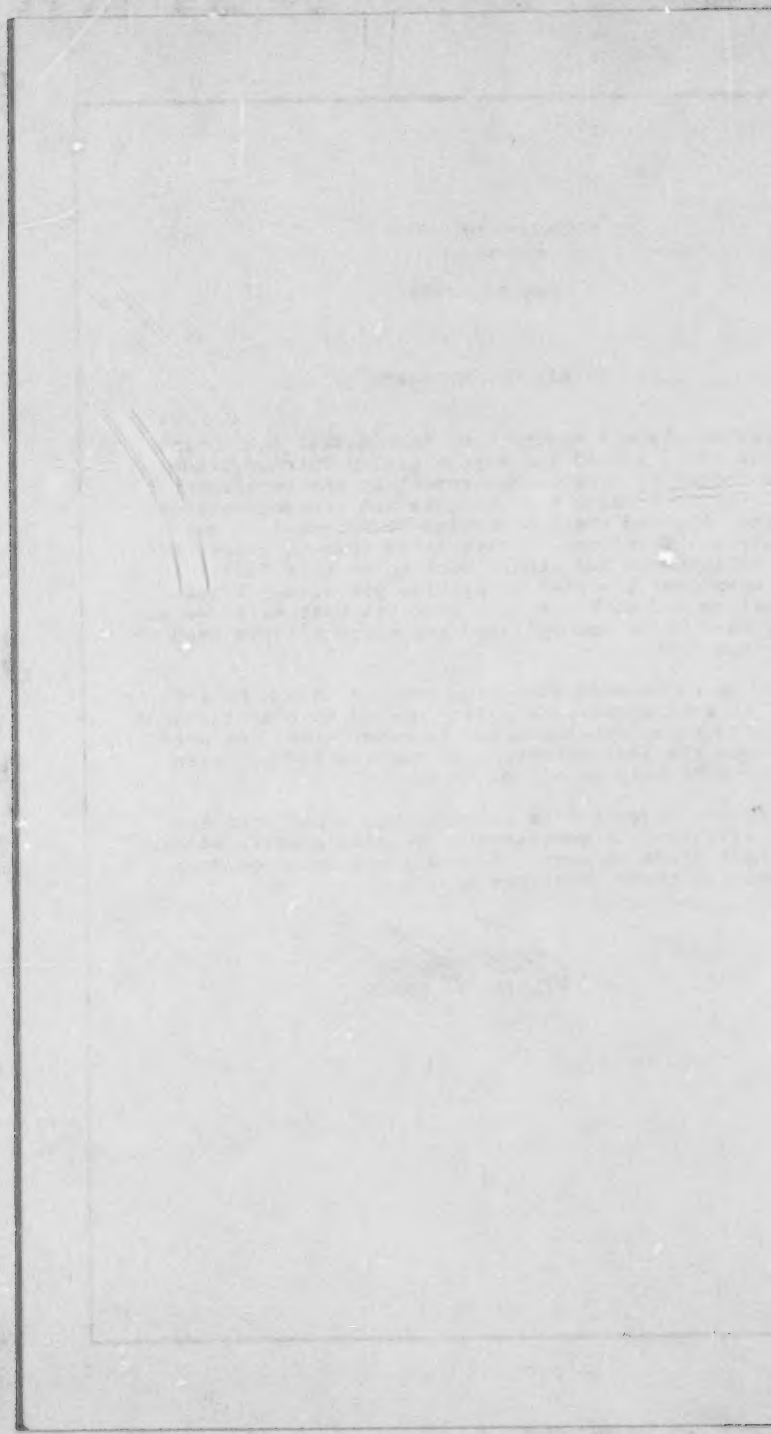
To All DOL Managers

Approximately six months ago, the General Accounting Office (GAO) issued its Report titled "Strong Leadership Needed to Improve Management at the Department of Labor." I value the insights and recommendations of the GAO, and their objective measurement of our progress. Therefore, I have asked them to assess our accomplishments and report back to me this fall. In the meantime, I wanted to provide you with a brief report on our work over the last six months, so we all know what we've accomplished and where efforts need to be stepped up.

Although we've made much progress, we have much left to do. In some areas, the policy needed to effect change is still under development. In other areas, we need to complete the implementation of our revised policies. I need your help in all of this.

Our common objective is to make this Department the most efficient in government. We also want it to be the best place to work. I know I can count on your support in these endeavors.

WILLIAM E. BROCK



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Strengthen Secretarial Direction

A. Increase Secretarial emphasis on management, specifically long-range planning, setting and tracking priorities, work force concerns, and day-to-day management.

The essence of these GAO recommendations is that the Secretary improve internal management of the Department. We feel we've addressed these recommendations. Last fall a structure, the Secretary's Management System, was established to implement a new management process and the Policy Review Board was instituted for policy development. Both the Secretary's Management System, and the Policy Review Board are in their early stages, and will be refined and improved with experience.

The Secretary's Management System is designed to be integrated with agency management systems, including those required for the development and execution of operating budgets and organizational and personnel performance standards and measures. It has three basic facets:

- First, it is a planning tool. The Secretary established broad, long-term Secretarial goals and these were communicated to all management levels within the Department.

  Each Executive Staff member has been responsible for developing agency supporting goals and related milestones in furtherance of these Secretarial goals. The Under Secretary reviewed and approved these sub-goals and milestones before they were finalized.

  These Secretarial and agency goals and objectives provided the basis for Fiscal Year 1986 operating plans, including work plans and budgets, and for performance standards for those in the Senior Executive Service. These goals are central to the development of long-range plans for the Department which will be linked this spring to the Department's out-year budget proposal.

- The Secretary's Management System also has a reporting mechanism. Each member of the Executive Staff prepares quarterly progress reports covering the milestones in the agency sub-goals. These reports to Under Secretary Whitfield highlight matters requiring his and the Secretary's personal attention. The first reporting cycle has been completed.

- Finally, Secretary Brock and Under Secretary Whitfield will provide feedback each quarter to the Executive Staff assessing progress and, as appropriate, identifying new or corrective actions which should be undertaken.

Within the parameters set by the Secretary—his broad goals and his action requirements—the Under Secretary is the key, responsible official. He performs day-to-day management tasks on behalf of the Secretary, and has been given specific responsibilities for overseeing essential management systems, ensuring a quality workforce and accountability, and monitoring and using performance data.

B. Correct long-standing problems

1. Improve ERISA enforcement

GAO made two recommendations related to the Department's implementation of the Employee Retirement Income Security Act: (1) develop a long-term ERISA strategy, and (2) hold ERISA managers accountable for results. GAO also noted the resource levels devoted to enforcement and the turnover of top staff, both of which are factors over which the Department has less control. In addressing the GAO recommendations, the Pension Welfare Benefits Administration (PWBA) has focused on the development of an enforcement strategy document, the necessary recruitment and training of personnel, and the improvement of a management reporting system which facilitates identification and tracking of the results of the implementation of the enforcement strategy.

One of the major objectives of PWBA identified in the Secretary's Management System is the development and implementation of an enforcement strategy by the end of Fiscal Year 1986. At this time, a review has been conducted of past enforcement strategy statements, and options have been analyzed for program enforcement direction. Input from PWBA field offices will be obtained at an Area Administrators Conference scheduled for this spring. Thereafter, a task force of the ERISA Advisory Council will be asked for comments on overall enforcement objectives that would be included in such a strategy. The target for decision-making and issuance of the final document is the end of the summer of 1986.

As part of the implementation of the enforcement strategy, targeting techniques and a management information system are being enhanced. Training is also receiving a high priority in PWBA. A three-week intensive training program for newly hired auditors/investigators has recently been developed and conducted. In addition, PWBA has contracted for the preparation of text on ERISA and the operation of employee benefit plans

which can be adapted to classroom training taught by instructors from PWBA or as a self-study text. The course materials are expected to be ready this summer. An advanced training program is also being developed for senior field enforcement personnel, which could be conducted within the next fiscal year.

2. Expedite rulemaking

GAO recommended the establishment of a committee to expedite rulemaking. It further suggested that efforts be made to educate the public about the rulemaking process. A departmental steering committee has been established to oversee work in this area. It is focusing on improving regulatory procedures, as well as assuring that the target audience understands those new procedures.

More specifically, under the auspices of the Assistant Secretary for Policy, the departmental steering committee is addressing five areas:

- procedures to expedite regulations
- the increased use of negotiated/mediated rulemaking
- alternatives for expediting rules within the current statutory framework
- alternatives involving changes in regulatory statutes
- a review of burdensome regulations

In addition to these working groups, a number of actions have already been undertaken to expedite the departmental rulemaking process. The Regulatory Program planning process has focused attention on regulatory priorities.

The Policy Review Board has instituted quick turnaround procedures for more routine regulations. More efficient departmental tracking procedures are being instituted.

The full workplan outlined above is expected to be completed by the end of the calendar year, with a substantial portion completed by October 1. While this is an optimistic deadline, and falls short of the timeframes initially articulated, we expect substantial progress in the next six months.

3. Enhance the procurement system

There are six specific GAO recommendations dealing with the procurement function:

- develop a long-term procurement plan
- improve procurement workforce's skills
- maximize procurement competition
- implement a comprehensive automated procurement data system
- more thoroughly describe procurement problems
- prepare annual advance procurement plans

Except for the long-range system development, substantial progress has been made on all of these recommendations.

The long-term procurement planning process is focusing on assessments of staff skills, development of information on available training, and the implementation of the new GS-1102 position classification series. The last of these is particularly complex, but the remaining questions and issues should be resolved by mid-summer, permitting completion of the remaining steps in the plan to improve workforce skills, and establishment of a procurement career program.

Work is well underway in reinforcing the role of competition in procurement. The advance annual procurement planning process has been improved to facilitate early identification of multiple contracting sources. Further policy guidance has been issued, the responsibilities of the Procurement Review Board and the Competition Advocate more clearly defined, and DOL contracting officers instructed in the use of presolicitation notices.

A number of short-term improvements in DOL's automated procurement systems have been made, particularly with regard to small purchase actions. However, in accord with the OASAM long-range ADP strategy, systems priorities, and available resources, further developmental work on a comprehensive automated system, including contracts and grants, has been deferred to allow a complete analysis of related costs and benefits.

Procedural instructions have been issued to the agencies, and the annual certification process redesigned, to assure that there is adequate description of any procurement problems in the next certification.

Finally, new annual advance procurement planning instructions addressing accountability and needs assessment have been issued. The revised planning process incorporates the planning requirements of the Federal Acquisition Regulations, and provides for easier coordination with budgeted levels.

4. Upgrade information resources management

GAO recommended that the Department's information resources management (IRM) program take on a stronger oversight role. It was also recommended that a departmental IRM plan be developed and agency managers be held accountable for its implementation. Other recommendations were: improve guidance on maintaining ADP inventories, rigorously review systems acquisition plans, and conduct periodic IRM reviews. Corrective action addressing each of the recommendations has been implemented or initiated. The critical issues of IRM are being addressed not only at the operating level, but also by an executive steering committee chaired by the Under Secretary.

The Department has adopted a long-range information resources management strategy which balances agency needs with central coordination and oversight. Once the departmental strategy was determined, a DOL plan for information resources management was written and agency plans developed to adhere to the departmental plan and policies. A committee structure has been formed as the keystone of IRM decision-making and acquisition review processes. From these foundations, departmental policy, instructions, and guidance materials are being developed.

Examples of completed actions follow:

- guidance on inventories
- microcomputer policy
- an assessment of information sharing in the Department
- initiation of periodic IRM reviews of agency managers' adherence to departmental policy

To carry out a strong oversight role and follow through on the processes established, IRM staffing capabilities have been carefully reviewed. We currently are short of staff with needed expertise in this area. We are attempting to eliminate weaknesses through employee training programs supplemented by the use of contractors in technical skill areas. By these efforts, the Department is positioning itself to anticipate and meet its increasingly complex IRM needs.

Avoid Crises and Credibility Problems Through Better Control

A. Eliminate MSHA inspection shortfall

There are five GAO recommendations addressing MSHA operations: (1) revise MSHA's information system; (2) emphasize mandatory inspections; (3) improve inspector productivity; (4) reallocate MSHA staff; and (5) secure more staff. MSHA has completed or made substantial progress on the first three of these. In March, GAO issued a progress report on MSHA's revised mine inspection program which found that MSHA has made significant progress in performing required mine inspections and at the current level of inspections will accomplish the required regular inspections for fiscal year 1986. In the staffing area, Gramm-Rudman-Hollings budget limitations have delayed full correction of the imbalances that GAO noted. MSHA does not believe, however, that it needs additional staff to meet the mandated inspection requirements.

The MSHA information system has been revised. Reports showing required/planned/completed inspections are being generated quarterly. The systems have been updated to reflect a more accurate mine count. New codes were developed and implemented, resulting in improved information regarding the status of mines. Two new special reports on status of inspection and employment reporting by operators were designed and implemented. Mines failing to report employment and not receiving an inspection within a specific period of time are identified for a special determination on their operating status.

To reiterate the emphasis on mandatory inspections, an agency objective and execution plan to "increase the current emphasis on carrying out the regular inspection program" was established by the Assistant Secretary, and incorporated into District Managers' Fiscal Year 1986 performance standards. In addition, several directives have been issued to field managers communicating the importance of completing mandatory inspections.

Another agency objective, to "reduce the time expended on "attempted" inspections, thereby increasing mandated enforcement productivity," was established and incorporated into District Managers' performance standards. During the first half of FY 1986 both the coal and metal/nonmetal organizations have achieved reductions of over 65 percent in attempted inspections compared with the same period in FY 1985. This effort is contributing to significant productivity increases in mandated enforcement activities. A review of the coal field structure was completed and certain realignments were made, and territorial boundaries changed,

resulting in both cost savings and improved productivity. Increased review and feed-back on inspection accomplishments to all metal and nonmetal field offices have produced significant productivity improvements. Two new metal and nonmetal field offices were established, and other organizational changes are under consideration to increase inspector effectiveness and assist in achieving inspection goals. A study of the feasibility of further reduction in paperwork is in progress.

To date a total of eleven voluntary transfers have been completed/initiated in the effort to correct metal and nonmetal staffing imbalances in the field. However, budget limitations may prohibit further PCS moves for the remainder of FY 1986.

Based on workload studies and the progress of inspections to date, MSHA continues to believe that it has the resources to meet mandated inspection requirements. MSHA will continue to monitor the mine inspection program closely and assess accomplishments in order to determine whether there is any need for additional inspectors. This analysis will, of course, necessarily recognize the nature of the mining industry and the realities involved in meeting inspection goals.

B. Improve JTPA and UI oversight

Within the JTPA program, GAO felt that the Department should assess the monitoring mechanisms and make any needed improvements; it also recommended that concerns about State JTPA audits be resolved. For UI, GAO suggested that the Department develop a comprehensive oversight strategy. Work in all of these areas has been substantially completed.

ETA has issued a notice to all State JTPA Liaisons and all State Wagner-Peyser Administering Agencies announcing implementation of a new proactive partnership role for ETA under JTPA. This includes a thorough review/revision of the current JTPA oversight strategy in consultation with States, SDA's and other interested parties. Under this new approach, ETA will become a more active partner working with the States in developing policy guidance, fulfilling a management consulting role with respect to program administration and providing or arranging for technical assistance and training where needed. The compliance reviews system will be restructured to reduce the number of on-site visits to State agencies and SDA's; this will be accomplished by eliminating some review guides, combining others and coordinating visits so as to accomplish multiple reviews at the same time where possible. Compliance reviews will alternate with the management reviews on a biennial basis. Joint Federal/State workgroups will also be established to develop a comprehensive management review and to restructure the current compliance review guides.

An assessment of current UI oversight activities is being completed and will soon be submitted for consideration at the Executive levels of the

Department. Development of alternative oversight approaches is dependent on the outcome of initiatives currently underway in the areas of Administrative Finance and Quality Control.

Finally, although GAO took the view that the internal control vulnerability assessment process should be extended to State operations that are Federally funded, the Department believes that it has correctly followed OMB guidance in applying the Federal Managers' Financial Integrity Act to Federal operations, and utilizing other oversight mechanisms, such as monitoring and auditing, for State operations.

C. Assess usefulness of audits, reviews and evaluations

GAO recommended that the Department address managers' negative perceptions about audits and evaluations, and reassess the emphasis given to the program. The thrust of the latter is to determine whether additional evaluations of key departmental activities would enable the Secretary to make more informed policy decisions and better control operations. Secretary Brock has partially addressed these concerns by actively supporting the efforts of GAO as evidenced by his response to GAO's management review of the Department, and by elevating the point of contact with GAO to the Office of the Under Secretary. The Office of the Inspector General (OIG) is addressing negative perceptions about their audit program. The Office of the Assistant Secretary for Policy will be assessing management needs in the review and evaluation area.

Over the past nine months, OIG has instituted several procedures which will result in (1) better communication with program managers, and (2) audits, reviews and evaluations that will be of greater benefit to program managers in managing their operations. These procedures include an emphasis on long-range planning, increased program input at the planning stage, and increased involvement in the planning and reporting process by OIG National Office staff who work directly with program managers and are familiar with their problems and concerns.

Illustrative of these initiatives are: development with ESA managers of a five-year plan for reviewing operations in the Office of Workers' Compensation Programs; two Control and Risk Evaluations (CARE) with OSHA and ETA; managerial input to audit guides prior to actual audit work; solicitation of comments on the annual audit workplan; and activities to increase the specific knowledge base of the OIG employees of individual DOL programs and operations.

The Office of Policy is addressing the issue of assuring that such reviews and evaluations meet the needs of management. Specifically, the Assistant

Secretary for Policy will use the recently established "desk officer" approach in the Office of Policy to assist each DOL agency in reaching, maintaining and surpassing the Secretary's goals. To do this the desk officer will monitor and evaluate agency programs and initiatives, as well as regulations and research, to make sure they are consistent with those goals.

The Policy Review Board will provide a forum for discussing policy options relative to the Secretary's goals.

Enhance Department Work Force and Efficiency

A. Expand staffing needs identification and planning

GAO recommended that the Department develop a human resource management program and emphasized the need to implement such a program in the agencies. More specific GAO recommendations are to develop work force planning policies and hold managers accountable for work force management; to establish standards for filling vacancies and procedures for developing employees; to assess training needs at the agency and programmatic levels. All of these recommendations are being addressed by inter-agency committees and work groups to ensure reality-based planning and management processes. Meeting the staffing needs of the Department effectively requires agency action and input as well as departmental coordination.

Human resource planning policies and processes are established in a recently issued Secretary's Order which links human resource planning to budget formulation and organizational and management planning. In addition to establishing this foundation for human resource management, the following actions are underway:

- Briefing book and presentation for agency personnel officers on the new human resource management policies and the implications for the personnel function.
- Human resource planning guide for managers which identifies the planning process and the tools available to assist managers, and explains how to integrate human resource planning with workload, budget and program planning.
- New planning and analytical tools such as a five-year report on DOL experience with the attrition of retirement eligibles and agency-specific ten-year projections for retirements.
- Position Reference Packages for five occupations with high human resource planning impact.
- Establishment of initial standards for filling vacancies and collection of data for refining these standards.
- Development of a methodology to assess first line supervisory training needs in preparation for revising training programs.

Although the results of these activities are down the road, agency and departmental staff are executing work plans and meeting regularly to coordinate and achieve these and other actions to form a viable human resource management program.

B. Address variations in the use of performance incentives

GAO recommended that the Department review agency performance appraisal systems to assure that (1) performance expectations are accurate, (2) personnel actions are based on employee performance, and (3) wide variations in the application of departmental policies are assessed and appropriately addressed. Currently the Department is in the process of addressing all of these complex and sensitive issues.

A thorough review of the DOL appraisal process has been undertaken by the recently formed Performance Appraisal Steering Committee chaired by the Assistant Secretary for Administration and Management. In meetings over the last few months, the Committee has analyzed the current appraisal process, examined agency variations, and met with the Presidents of the NCFLL and Local 12 for their input. The Committee's initial recommendations to the Executive Staff will be developed in May. After consensus is reached with the Executive Staff, recommendations will be forwarded to the Secretary.

Under the Department's regulations for Merit Pay managers, each agency must establish a Performance Standards Review Board with responsibility for assessing the need for certain common or generic performance standards; assessing the adequacy of existing standards in relation to (1) position descriptions and work plans, (2) coverage of organizational, managerial and technical duties, and (3) adequacy in terms of specificity, measurability, exceedability, and similar factors; assessing the distribution of ratings; and reviewing standards and ratings procedures. These agency Boards have been meeting during the spring, and will have recommendations ready for implementation in Fiscal Year 1987.

The Office of Personnel Management has circulated for comment a set of proposals that would bring the performance appraisal process for GS employees into closer conformance with its requirements for GM employees. These new regulations will probably be issued this summer and implemented within the Department next year.

C. Implement a more systematic effort to measure and improve productivity

GAO made four specific recommendations for implementing a more systematic productivity improvement effort:

- Hold agency managers responsible for setting and meeting productivity-related goals;
- Require managers to develop quantifiable or observable measures for as many positions as practicable;
- Routinely perform comparative trend and productivity analyses, and
- Provide effective mechanisms and incentives for identifying productivity opportunities.

Through Secretary's Order 3-86 the Department has established a productivity program that is fully coordinated and consistent with the requirements of the Executive Order establishing the President's Productivity Improvement Program. The Under Secretary is designated as the "Senior Official" responsible for assuring achievement of the goals, objectives and specific priorities set for the Department's Productivity Improvement Program. The agencies have also designated "Agency Senior Officials" with similar responsibilities.

Agencies have forwarded their plans for productivity improvement which include productivity demonstration projects designed to achieve a 20% improvement by 1992. The Department's plan, including several of the proposed productivity improvement projects, will be transmitted to OMB.

Within the Department, the objective is to have broad employee and supervisory involvement so that productivity improvement will occur at all levels within the organization and will have the full support of everyone affected. The Department's program is designed to achieve the nitty gritty tasks such as setting goals and measures as well as to promote creativity and new ideas through incentives, recognition, and awards.

Operate in a More Business-like Manner

A. Better control funds

The thrust of this GAO recommendation is twofold: (1) within the agencies to limit obligational authority to OMB apportionments, ensure obligations are not incurred without authority, and promptly issue obligational limitations; and (2) within OASAM to record agency limitations promptly, ensure obligations do not exceed limitations, review funds status, and inform officials when limitations are exceeded. Although GAO found no Anti-Deficiency Act violations, that is, fund control was entirely satisfactory at the appropriation and allotment levels, it felt there should be greater compliance with internal DOL administrative control of funds regulations below those levels In response, the Department has tightened procedural controls in all respects. While there will undoubtedly be occasional human errors and delays in processing, the enhanced fund controls are working very well and are in full conformity with legal and regulatory requirements, and with the GAO recommendations.

More specifically, the Department has:

- held discussions with, and issued memoranda to, Executive staff, and agency and regional financial staffs, focusing on issues, procedures, controls and problems.
- revised the agency allocation form to include a managerial certification on fund availability.
- included the obligation process in the financial operations reviews of agency and regional financial offices.
- prepared new quarterly status reports that compare apportionments, allotments and limitations with actual obligations.
- given additional emphasis to monthly accounting reviews to assure conformance with regulatory requirements, with letters and other follow-up going to allotment holders whenever problem situations are identified.
- instituted additional documentation and audit trails covering the date allocation records are received, processed, and entered into the Integrated Accounting System.

Continuation of these efforts will assure proper fund control throughout the Department.

B. Improve financial reporting, control of financial improvement projects, and FIA accounting system review efforts

GAO recommended that the Department reevaluate its financial management reports, in the context of managerial data needs and some document coding problems it identified. GAO also felt that further efforts should be made to hold managers accountable for implementing financial management improvement projects, that OSHA accounts receivable should be better controlled, and that in assessing accounting systems' conformity to GAO principles and standards, the Department should monitor agency accounting system review efforts and test conformance of agency systems. Although much of the needed work in these areas requires a long-term systems evaluation and enhancement, an excellent start has been made, primarily through the issuance of policy and procedural directives. Systems modernization work is well underway in a number of areas.

Secretary's Order 4-85 established the Department's financial management systems planning process, including its coordination with the budget and with the systems reviews required under the Federal Managers' Financial Integrity Act. An OASAM directive issued subsequently provides further specificity for the review and coordination of financial improvement projects.

Document coding problems identified (for small purchases and for travel actions) were analyzed and corrective actions taken. A limited review of the FECA system, and complete reviews of the Integrated Accounting System and the Longshoremen's and Harbor Workers' Act system were completed. Reviews have been scheduled for BLS and Black Lung accounting systems. These review efforts have been coordinated with the OIG, as it conducts comprehensive audits of ETA and OSHA systems this year using the Control and Risk Evaluation (CARE) methodology.

Implementation of the OSHA penalty accounting system remains on schedule for the targeted completion date of September 30, 1986. In accordance with the procedures of the Debt Collection Act, four standardized collection letters have been implemented to notify employers of outstanding penalty amounts, and advise them of the provision for the assessment of interest, administrative costs, and delinquent penalties. To assist area offices in carrying out their collection responsibilities, case penalty analysis reports are run monthly to audit collection activity and advise area offices of delinquent accounts.

A steering committee and work group have been established for the modernization of the Integrated Accounting System. It is expected that the first

year's work will concentrate on assuring improvements in timeliness and accuracy of inputs, and timeliness and responsiveness of reports. A similar effort is underway for travel management.

Systems review and enhancement work will continue for the next several years in accord with DOL financial systems and ADP strategies and with resource availability.

C. Improve accounting for personal property

GAO made two specific recommendations in this functional area:

- promptly record capitalized property
- separate duties in the physical inventory process

In the Department's judgment, a major long-term systems enhancement effort is required to rectify the deficiencies in its present property management system. However, since priorities and resources preclude undertaking such an effort in the immediate future, a short-term strategy designed to correct the most serious problems has been adopted and is being implemented.

Greater coordination with the small purchase acquisition process is being achieved through the interchange of monthly reports. Capitalized property valuation levels have been changed, and furniture in use is being removed from the property system controls. Concurrently, however, internal controls over such furniture will be enhanced, and a control procedure for excess furniture storage and disposal implemented.

Minor changes to the fields in the existing automated property system will be made to provide for more specific data, for example, model number, on serialized equipment. More regular and complete coordination with property data in the Integrated Accounting System will be stressed, at detail levels for property charged to the Working Capital Fund, which is depreciated, and at summary levels for S&E property. An interagency steering committee and three work groups have been established to address specific features of the short-term improvement strategy.

A new policy on separation of duties in the physical inventory process has been issued, and will be incorporated into the DOL Administrative Manual. Training will be provided to the new Inventory Audit Officers.